



OFFICE OF THE COMPTROLLER
CITY OF ST. LOUIS



DARLENE GREEN
Comptroller

Internal Audit Section

DR. KENNETH M. STONE, CPA
Internal Audit Executive

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FILE COPY

July 17, 2012

Jim Garavaglia, Asset Manager
Gateway Transportation Center
430 South 15th Street
Saint Louis, MO 63103

RE: Follow-up Review of Gateway Transportation Center Audit Report
Project # 2012-F2

Dear Mr. Garavaglia:

The Internal Audit Section has conducted a limited follow-up review of the Gateway Transportation Center (GTC) audit report, for the period July 1, 2008 through December 31, 2009 (Project #2010-09). A limited follow-up review does not necessarily involve detailed testing or verification but instead relies on communication with department management and staff, as well as limited observations.

This follow-up review was made under authorization contained in Article XV, Section 2 of the Charter, City of St. Louis, as revised, and conducted in accordance with the *International Standards for the Professional Practice of Internal Auditing*. The purpose of this follow-up review was to determine the status of the observations made in the report issued November 15, 2010 as of May 31, 2012.

It was determined that the following observation has been **resolved**:

- **Opportunity To Improve Internal Control Over Payroll Records (Observation #5)**

Gateway Transportation Center Manager reviewed and initialed the security employees sign-in sheets once received at the end of the month. City Specialist on duty as directed, now initials the security employees' sign-in sheets at every shift.

The Security Company is responsible to ensure two security personnel are at the Center in every shift.

It was determined that the following observation has been **partially resolved**:

- **Opportunity To Improve Internal Controls Over Lease Revenue (Observation #4)**

All lessees have been directing their monthly lease payment checks to the Comptroller's office as recommended. However, Amtrak initially complied with the directive but has been sending its monthly lease payment check to the Gateway Transportation Center address since December 2011.

GTC Manager will request that Amtrak send the month lease payment check directly to the Comptroller's office.

It was determined that the following observations have **not been resolved**:

- **Opportunity To Document Capital Expenditures (\$22,500 questionable depreciation) (Observation #1)**

According to GTC management, Arch City Deli, the concessionaire, has not yet provided the requested capital expenditures or the capital depreciation document to verify the capital expenditures incurred.

The lease agreement allows the concessionaire to amortize capital expenditure in the amount of \$500,000 at the rate of \$1,250 a month during the first ten years and \$833 for the remaining 30 years.

GTC management suggested the Internal Audit Section perform a full audit of the Concessionaire operation at the Center as provided for in the lease agreement with the City.

- **Inadequate Tracking of Year-To Date Sales (Observation #2)**

GTC management has not been able to adequately track and verify the monthly sales reported by the Concessionaire, Arch City Deli. The monthly lease payment made to GTC is based on the percentage of sales reported.

GTC management suggested the Internal Audit Section perform a full audit of the Concessionaire operations at the Center as provided for in the lease agreement with the City.

- **Failure To Review Insurance Requirements (Observation #3)**

GTC management will request that Arch City Deli increase the coverage amount for the Employer's Liability to \$3,000,000. Copy will be made available to IAS once the coverage amount is increased and revised insurance policy provided to GTC management.

We forwarded a copy of the draft report, discussed our determination of the status of each observation and offered GTC management an opportunity to provide written responses to this report. Management provided written responses to us on July 13, 2012, which have been attached to this letter.

If you have any questions, please contact the Internal Audit Section at (314) 657-3490.

Respectfully,

A handwritten signature in dark ink, reading "Kenneth M. Stone". The signature is written in a cursive, flowing style.

Dr. Kenneth M. Stone, CPA
Internal Audit Executive

Attachment

cc: Robin S. Jones, Manager, Gateway Transportation Center



OFFICE OF THE COMPTROLLER
CITY OF ST. LOUIS



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July 12, 2012

City of St. Louis
Office of the Comptroller
Internal Audit Department
Attn: Olaide Hassan
1520 Market Street. Suite 3005
St. Louis, MO 63101

Dear Mr. Hassan:

In response to the Follow-up Review of Gateway Transportation Center Audit Report Project #2012-F2, we concur and support your recommendations. We would appreciate being advised when you commence the Review of the Arch City Deli.

Sincerely,

Robin S. Jones
Transportation Center Operations Supervisor

Cc: James M. Garavaglia, Asset Manager

